# WEEKLY ECONOMIC REVIEW

**July 11, 2008**

Alberta continues to lead the nation with the strongest employment growth of 3.2% (year-to-date) and the lowest unemployment rate (3.3%, down from 3.6% in May.) The province's employment rate was at a record high of 72.2%. Canada lost 5,000 jobs in June and unemployment rate edged up 0.1 percentage point to 6.2%, but employment is still up 2.0% year-to-date.

Alberta's housing market continues to slow. Housing starts dropped significantly in June, down 22% from May. Starts in the seven largest urban areas in the province, including Edmonton and Calgary, were down more than 30% compared to June 2007. Year-to-date, Alberta's housing starts are down 25.1%.

In May, Alberta's new house prices increased 1.6% from a year ago, its slowest pace since May 2001. Price growth in Edmonton and Calgary slowed to 3.3% and 0.6%, respectively. Nationally, new house prices were up 4.1%, led by Regina (+30.4%) and Saskatoon (30.2%).

The value of building permits in Alberta reached $1,223 million in May, down 3.7% from April, as a result of declines in both the residential (-5.5%) and non-residential sectors (-1.9%). The industrial component was the only bright spot posting growth of 51.4%. On a year-to-date basis, total permits dropped 4.8%. Building permits in Canada increased by 1.1% from April as a 6.6% decline in residential permits was offset by a 12.8% increase in non-residential permits.

Canada's trade surplus expanded to $5.5 billion in May from $4.8 billion in April, as exports to countries other than the U.S. reached a record high level and exports to the U.S. remained strong.

On Friday, oil prices briefly touched a new intraday record of $147.27 on news of escalating tensions in Iran and Nigeria, before retreating back to around $144 level.

**Cdn Dollar (US¢/CS)**

| | |
|---|---|
| July 11, 2008 | 99.1 |
| July 4, 2008 | 98.5 |
| 2008-09 YTD | 99.0 |

**WTI Oil US$/bbl**

| | |
|---|---|
| July 10, 2008 | $ 141.65 |
| July 3, 2008 | $ 145.29 |
| 2008-09 YTD | $ 125.47 |

**Nymex Natural Gas CS/MMBtu ***

**August Contract**

| | |
|---|---|
| July 11, 2008 | $12.54 |
| July 3, 2008 | $13.59 |

*Estimate based on Nymex Futures Market Price

| Economic Indicators Released this Week | Reference Period | Month/Previous Month (M/M) | Month/Previous Year's Month(Y/Y) | Year-to-date[1] |
|---|---|---|---|---|
| **Employment (thousands)[2]** | **June** | | | |
| **Alberta** | 2,017.7 | 0.5% | 3.1% | 3.2% |
| **Canada** | 17,139.4 | 0.0% | 1.7% | 2.0% |
| **United States** | 137,640.0 | 0.0% | 0.0% | 0.3% |
| **Building Permits ($ millions)[2]** | **May** | | | |
| **Alberta** | $1,223 | -3.7% | -32.1 % | -4.8% |
| **Canada** | $6,616 | 1.1% | -5.6% | 2.7% |
| **Housing Starts (thousands)[2,3]** | **June** | | | |
| **Alberta** | 27.7 | -22.0% | -37.9% | -25.1% |
| **Canada** | 217.8 | -1.6% | -3.5% | -0.3% |
| **New Housing Price Index (1997=100)** | **May** | | | |
| **Alberta** | 247.9 | -1.4% | 1.6% | 7.0% |
| **Canada** | 158.4 | 0.0% | 4.1% | 5.6% |

Source: Statistics Canada. [1]Year-to-date compared to the same period in the previous year. [2] Seasonally adjusted. [3] Annualized rate